

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

WATER DIVISION

RESOLUTION W-5212

December 19, 2019

RESOLUTION

**(RES. W-5212) CALIFORNIA-AMERICAN WATER
COMPANY. ORDER AUTHORIZING A RATE BASE
OFFSET REVENUE INCREASE PRODUCING AN
ADDITIONAL ANNUAL REVENUE OF \$1,355,827 OR 2.48%
AND AMORTIZATION OF PAST REVENUE OF \$858,329,
TRACKED IN THE CHROMIUM 6 MEMORANDUM
ACCOUNT, THROUGH SURCHARGE.**

SUMMARY

By Advice Letter 1214, filed on September 19, 2018, and two Supplements, the first filed on March 8, 2019, and another supplement filed on August 27, 2019, California-American Water Company (Cal-Am) seeks authorization to increase rates through an offset to its rate base of \$10,522,761 for the capital costs of Chromium 6 treatment plant and to implement a temporary surcharge to recover past revenue requirement and expenses tracked in the Chromium 6 Memorandum Accounts in the Sacramento District.

Cal-Am seeks recovery of \$858,329 of past incremental revenue requirement tracked in the Chromium 6 Memorandum Account through a temporary 12-month surcharge.¹ At the same time, Cal-Am is seeking recovery of \$1,355,287 in revenue requirement related to the project costs in rates going forward. The effective date of this Resolution for changes to rates and the 12-month surcharge is January 1, 2020.

Cal-Am installed seven Chromium 6 treatment projects in its Northern Division.² Three well head Chromium 6 treatment projects are in the Parkway service area, two in the Antelope

¹ Cal-Am has booked a total amount of \$851,619 in the Sacramento Chromium 6 Memorandum account and a total amount of \$7,524 in the Dunnigan Chromium 6 Memorandum account, both booked since December 31, 2017.

² Chromium 6 Maximum Contaminant Level (MCL) was set by the Office of Administrative Law at 10 parts per billion (ppb). The MCL was later invalidated by the Sacramento Superior Court on May 31, 2017 (see below).

service area, and two in the Dunnigan service area. The Chromium 6 treatment projects reduced Chromium 6 levels from above or near 10 ppb to no greater than 8 ppb.³

The capital cost for the Chromium 6 treatment projects for the Northern Division, more specifically, the Parkway and Antelope service areas is \$9,702,933 which includes the structural improvements of the wells, the pumping and treatment equipment, reservoirs, tanks, and pipeline rerouting from and to the treatment units. In addition, Cal-Am reconfigured and installed pipeline and valves connections to the well heads, upgraded the fencing and its walls and electrical components, along with relocating the existing electrical panels. These Chromium 6 treatment facilities were used and useful as of March 8, 2018.

The total capital cost for the Chromium 6 treatment projects for the recently acquired Dunnigan service area in the Northern Division is \$819,828 consisting of the installation of pipelines and valve connection systems to the treatment units, and flow meters to measure flows entering and exiting the treatment plant. These Chromium 6 treatment facilities were used and useful as of July 20, 2018.

Cal-Am seeks to add its capital expenditures of an amount of \$10,522,761 to its rate base and recovering associated prospective revenue requirement of \$1,355,287 which includes annual incremental operating expenses of \$8,880 associated with the Chromium 6 treatment projects in its Northern Division. In addition, Cal-Am seeks recovery of the \$858,329 tracked in the Chromium 6 Memorandum Accounts from December 16, 2013 through August 31, 2018. Cal-Am requested authorization to establish the Chromium 6 Memorandum Account for the Sacramento District in Advice Letter 1020, filed in November 13, 2013. Advice Letter 1020 was supplemented and approved with an effective date of December 14, 2013. The Commission in Decision, D.15-11-012, dated November 5, 2015, authorized Cal-Am's acquisition of Dunnigan Water Works, including authorization of a memorandum account to track costs to address Chromium 6 in Dunnigan's Water Supply (D.15-11-012, Ordering Paragraph # 7). Cal-Am filed Advice Letter 1101 on December 4, 2015 to add the Dunnigan service area to the Preliminary Statement for the previously-authorized Chromium 6 Memorandum Account establishing two sub-accounts, one each for the Sacramento and Dunnigan.

This resolution authorizes Cal-Am to transfer the \$858,329⁴ balance, tracked from the period beginning on December 16, 2013 and ending on August 31, 2018 from the Chromium 6 Memorandum Account to a balancing account to track its amortization.

³ Currently, all of the Chromium 6 levels in the drinking water after treatment are at 8 ppb. Levels before treatment in the Northern Division were 10.6 ppb in Sky Parkway, 9.6 ppb in Stocker, 9.2 ppb in Southgate, 12.3 ppb in Watt, 13 ppb in Davidson, and for the Dunnigan District 45 ppb in Well 1 and 24 ppb in Well 2.

⁴ In the Chromium VI Memorandum Account the Balance for the Sacramento district as of August 31, 2018 is \$855,413.60 and the balance for the Dunnigan District is \$3,730.15

BACKGROUND

Cal-Am is a Class A water company and provides water service to approximately 62,639 customers in its Northern Division. The Northern Division includes the recently acquired Dunnigan water system (253 non-metered residential service customers) and includes two recently acquired service areas, the Geyserville and the Meadowbrook (Decision D.18-12-021).

The Commission approved the consolidation of the Dunnigan, Geyserville and Meadowbrook into the Sacramento District creating the Northern Division in D.18-12-021. The tariff sheets attached to this decision represent supplements submitted by Cal-Am to reflect the above consolidations and to incorporate its 2019 escalation year filing approved in Advice Letter 1234-A.

Cal-Am included feasibility analyses in Advice Letter 1214 from its May 5, 2015 report entitled *Sacramento California-American Water: Hexavalent Chromium Treatment Implementation Study*. Cal-Am also submitted as part of Advice Letter 1214, an additional study entitled *Hexavalent Chromium Compliance Evaluation-Dunnigan Water System* dated October 7, 2016. Both studies recommended the same type of treatment that is deemed to be the most cost effective treatment technology for installation in the Cal-Am districts. Due to levels of chromium 6 in the range between (24 ppb and 45 ppb) in the Dunnigan wells, blending was not feasible. Full flow treatment was required. The October 7, 2016 study indicates that there was an evaluation of seven vendors to estimate the annual operation and maintenance costs over a 20-year life.

Cal-Am stated in a data request⁵ that the wells in the Antelope and the Parkway water systems have a treatment that already includes blending treated water with raw water. A portion of the raw water is treated down to 2 ppb of Chromium 6 and another portion of the raw water is bypassed through the system and blended with the 2 ppb of Chromium 6 to achieve levels of Chromium 6 of 8 ppb at the distribution point.

Approval of the Chromium 6 Maximum Contaminant Level (MCL)

On May 28, 2014 the Office of Administrative Law approved the Maximum Contaminant Level for Chromium 6 which became effective on July 1, 2014. Consequently, a Senate Bill, 385 was signed by the Governor and ordered public water systems that were out of compliance to come into compliance (State Water Resources Control Board).⁶

Invalidation of the Chromium 6 MCL

On May 31, 2017, the Sacramento Superior Court ordered the State Water Resources Control Board (Water Board) to invalidate the newly adopted MCL for Chromium 6 at 10 ppb. The grounds on which the Superior Court invalidated the newly adopted MCL for Chromium 6 is

⁵ Email sent to Cal-Am on October 30, 2019 and replied on November 7 & 8, 2019.

⁶ Available on website at https://www.waterboards.ca.gov/drinking_water/certlic/drinkingwater/Chromium6.html

failure to properly consider the economic feasibility of complying with the proposed MCL.⁷ The Sacramento Superior Court expressed concern that some households will not have the income or resources to pay a water bill increase of \$5,600 per year, or \$469.17 per month.⁸ The Sacramento Superior Court found this number is so big that it appears, on its face, to be economically unfeasible for many people.⁹ As of September 11, 2017, an MCL for Chromium 6 is no longer in effect.

Public Health Goal and Health Effects

The Water Board is working to establish a new MCL based on a proper economic feasibility analysis and consistent with the public health goal.¹⁰ No updates from the Water Board are available at this date. The Office of Environmental Health Hazard Assessment (OEHHA) set the public health goal for Chromium 6 at 0.02 parts per billion.

Chromium 6 is a heavy metal and is a toxic chemical and is known to cause cancer when ingested. According to OHHEA, ingesting Chromium 6 may cause an increased risk of stomach cancer and reproductive harm.¹¹ The presence of Chromium 6 in drinking water comes from natural and industrial use (Rulemaking Documentation, *Initial Statement of Reasons*, Water Board).¹²

Interim Period

Cal-Am indicates in Advice Letter 1214 that in the period between the initial establishment of the MCL and the subsequent invalidation of the MCL for Chromium 6, the utility moved forward with design and implementation of treatment projects for the Sacramento and Dunnigan service areas. Until a new MCL for Chromium 6 is adopted, the Water Board has encouraged all public water systems that have already installed treatment to continue operations of these facilities.¹³

⁷ California Manufacturers and Technology Association, et al. v. California Department of Public Health, et al. Sup.Ct. Sacramento County, 2017. No.34-2014-80001850.

⁸ The \$469.17 amount for Chromium 6 treatment was based on source monitoring costs for evaluated Hexavalent Chromium MCL by water system size and treated water cost, available treatment technology, and capital, operation and maintenance costs.

⁹ California Manufacturers and Technology Association, et al. v. California Department of Public Health, et al. (Super. Ct. Sacramento County, 2017. No. 34-2014-80001850). First paragraph pg. 9.

¹⁰ The Public Health Goal is an estimate of the level of the contaminant in drinking water that is not anticipated to cause or contribute to adverse health effects, or that does not pose any significant risk to health.

¹¹ The Office of Environmental Health Hazard Assessment (OEHHA), Health Effects of Hexavalent Chromium, available on the web, at: <https://oehha.ca.gov/air/health-effects-hexavalent-chromium>.

¹² State Water Resources Control Board, DPH-11-005 Hexavalent Chromium MCL, available in the website at, https://www.waterboards.ca.gov/drinking_water/certlic/drinkingwater/DPH-11-005HexavalentChromiumMCL.html

¹³ California Water Boards, State Water Resources Control Board, available on the web at: https://www.waterboards.ca.gov/drinking_water/certlic/drinkingwater/Chromium6.html

NOTICE AND PROTESTS

A notice of the proposed rate increase was mailed to each customer via bill insert to the Sacramento and Dunnigan customers between January 20th and February 20th, 2019. Customers in the Geyserville and Meadowbrook were mailed revised notices on or around April 26, 2019 as the 2018 general rate case decision D.18-12-021 authorized the consolidation of these two systems into the Northern Division. Pursuant to General Order 96-B, Water Industry Rule 4.1, on September 19, 2018 Cal-Am served Advice Letter 1214 on its service list. Subsequently, on March 8, 2019 and on August 27, 2019 Cal-Am served two Supplements to Advice Letter 1214 on its service list. A protest to Cal-Am's initial Supplement was received on March 13, 2019. The protest raises concerns regarding Cal-Am's rate increase request. Cal-Am responded to the protest on March 15, 2019.

The Commission's Office of Public Advocates (Cal PA) agreed not to oppose full recovery of the costs only if Cal-Am agreed to revise some amounts that were not suitable for cost recovery (Email correspondence between Cal-Am, Cal PA, and the Water Division, dated February 22, 2019).

Cal PA opposed to Cal-Am's original request for recovery amount of \$9,756,696. Cal-Am agreed to reduce the amount to \$9,702,932 for the Sacramento service area. At the same time, Cal PA opposed to Cal-Am's original request for recovery of \$890,699 for the Dunnigan service area. Cal-Am agreed to reduce this amount to \$819,828. Cal-Am's request for rate base offset was reduced by \$53,764 and \$70,871 for Sacramento and Dunnigan, respectively, in Advice Letter 1214-A.

Below is a summary of the changes to Advice Letter 1214 that Cal-Am agreed to with Cal PA and addressed in Advice Letter 1214-A.

- Revision of the Asset Cost Summary table provided in Advice Letter 1214 Appendix A to match the Advice Letter 1214 workpapers. The updated Asset Cost Summary is included as Attachment A to the Supplement Advice Letter. The revision has no rate impact.
- Correction for discrepancies between depreciation base which is included for revenue requirement calculations based on total project costs less adjustments incorporated via the Supplemental Advice Letter.
- To avoid disputed issues between the parties with Advice Letter 1214 parties agreed to temporary removal of overhead amounts accrued to the Chromium 6 projects in test year 2018 in the amount of \$78,385 (\$37,579 related to the Dunnigan Chromium 6 project and \$40,806 related to the Sacramento Chromium 6 project). Parties agreed that this adjustment was made for temporary ratemaking purposes and overhead was going to be trued up in future filings.
- Removal of \$12,776 in legal expenses from the Sacramento Chromium 6 project.
- Removal of \$33,921 in contractor costs from the Dunnigan Chromium 6 project due to lack of original contractor invoice.

- Update workpapers to reflect authorized ad valorem rate (1.1794%) and franchise fee (0.2300%) factors at the time of advice letter filing.
- And last, adjusting project costs to reflect invoice amounts. The adjustment affected various transactions and results in a net project cost decrease of \$183.

DISCUSSION

To address water quality issues in Cal-Am's Northern Division, the Commission is approving the inclusion of the Chromium 6 projects into rates prospectively along with a surcharge to recover past capital carrying costs and expenses associated with the Chromium 6 projects that were tracked in the Chromium 6 Memorandum Account. The rate increase is effective January 1, 2020 and will be reflected in rates along with the rate changes from Cal-Am's 2020 Step Increase for the Northern Division being requested in Advice Letter 1270 with an effective date of January 1, 2020.

Cal-Am selected vendors based on cost and suitability of treatment design. Vendors presented an estimate of the project's 20-year cost for operation and maintenance. Cal-Am also selected the best treatment technology based on current water quality, well utilization, and site constraints. Competitive bidding was used to select the engineering firms for the two sites, the vendor for the water treatment system, and the contractors to perform construction. All the contractors Cal-Am selected for on-site construction were State licensed contractors from the area and the companies that were selected to render their respective service had prior experience working with Cal-Am's water systems.

Water Division reviewed the work papers accompanying AL 1214. Additional supplemental information was requested through data requests as needed. Based on its review, Water Division has determined that Cal-Am properly established rates, and the amounts claimed for recovery are reasonable for the treatment of Chromium 6. As a result, it is appropriate for recovery of account balances for the Chromium 6 Memo Account from ratepayers.

Cal-Am seeks recovery of \$1,355,287 in additional revenue requirement related to the rate base offset and prospective operating expenses for the Chromium 6 projects by increasing rates for its Northern Division. total project costs in rates going forward effective January 1, 2020. Adding the \$10,522,761 in capital plant less accumulated depreciation to the rate base along with the \$8,880 in annual operating expenses results in an increase of \$1,355,287 in revenue requirement for the Northern Division. Cal-Am applied the appropriate 21% as the federal tax rate and 7.61% from D.18-03-035 as the authorized Rate of Return (ROR) in its calculations for the incremental revenue requirement.

Cal-Am's current revenue requirement was adopted by AL's 1230-B (rates for the 2018 test year filed on March 8, 2019) and 1234-A (rates for the 2019 attrition year filed on April 24, 2019).

Increases in quantity rates and the monthly service charge are necessary to recover the increase in revenue requirement of \$1,355,287 effective January 1, 2020. The rate increase for the quantity charges in Sacramento (including the Dunnigan and the Geyserville districts) would be 1.80% per hundred gallons (CGL) for Tier 1 and 2.38% per CGL for both Tiers 2 & 3. The monthly service charge increase is 2.71% for general metered customers and 2.37% for residential fire protection service in the Sacramento service area. The monthly service charge increase in the Meadowbrook service area is the same 2.71% increase as above while quantity charge increase for the Meadowbrook service area is 2.4% per CGL for Tiers 1 and 2. Water Division reviewed the calculations used to develop the rate increases and finds them reasonable. The resulting quantity rates and monthly service charges are shown in the attached tariff sheets.

To recover the past revenue requirement amounts for project capital costs and operating expenses totaling \$858,329 tracked in the memorandum account, Cal-Am requests a temporary surcharge to the Northern Division, including the customers in the Dunnigan, Geyserville, and the Meadowbrook service area for a period of 12 months. The temporary surcharge is **\$0.0729** per hundred gallons is added in a tariff special condition which will be in place from January 1, 2020 through December 31, 2020. Water Division has reviewed the calculations to develop the surcharge amount and finds the calculations to be accurate.

The bill impact for an average residential customer from the rate increase and the added twelve-month surcharge will increase current bill from \$62.45 per month to \$65.13 per month or 4.28% in the Sacramento tariff area. For an average residential customer in the Meadowbrook tariff area the average bill will increase from \$43.52 per month to \$46.36 per month or 6.53%.

Finally, Water Division recommends that the Chromium 6 Memorandum Account should be closed and the authorized balance of \$858,329 transferred to a Chromium 6 Balancing Account for amortization over a 12-month period beginning January 1, 2020. At the end of the amortization period, Cal-Am should transfer any balance, plus or minus, to its Consolidated Expense Balancing Account for its Northern Division and close the Chromium 6 Balancing Account. We agree that the authorized balance of \$858,329 should be transferred to a to-be-established Chromium 6 Balancing Account for amortization. However, the Chromium 6 Memorandum Account should remain open to consider costs subsequent to August 2018. Cal-Am shall close the Chromium 6 Balancing Account at the end of the amortization period and any remaining amount transferred to the Consolidated Expense Balancing Account for its Northern Division.

UTILITY SAFETY

Safety for water utilities involves several factors such as water quality, system design, operation and maintenance, and service. One of the highest safety priorities for the California Public Utilities Commission (Commission) is ensuring that utilities supply water for human consumption that is clean and healthful.

Cal-Am's water service meets all applicable water quality standards set forth by the Division of Drinking Water at the Water Board.

COMMENTS

Public Utilities Code Section 311(g) (1) generally requires that resolutions must be served on all parties and be subject to at least 30 days public review and comment prior to a vote of the Commission. On November 18, 2019, this draft Resolution was mailed for 30-day public review and comment to the utility, protestant, and the Public Advocates Office.

On December 9, 2019, Cal-Am submitted comments to this proposed resolution. Cal-Am requests the Commission to allow the Chromium 6 Memorandum Account to remain open for costs incurred subsequent to August 2018 to be considered in the future. We have revised the Resolution and made necessary changes to reflect that the Chromium 6 Memorandum Account remains open for future consideration of costs between August 2018 and January 1, 2020 when the Chromium 6 treatment projects in the Northern Division are to be added to rate base.

FINDINGS AND CONCLUSIONS

1. California-American Water Company submitted Advice Letter 1214 and two Supplemental Filings, the first on March 8, 2019 and the second one on August 27, 2019.
2. California-American Water Company installed seven treatment projects in its Northern Division. The Chromium 6 treatment projects remove Chromium 6 levels above or near 10 parts per billion (ppb) which result levels are no greater than 8 ppb. The six Chromium 6 treatment sites were used and useful as of March 8, 2018.
3. The requested rate base addition for the Chromium 6 treatment projects for the Parkway and Antelope service areas in the Northern Division is \$9,702,933 which entails structural improvements for the wells, the pumping and treatment equipment, reservoirs, tanks, and pipeline rerouting from and to the treatment units.
4. The requested rate base addition for the Chromium 6 treatment projects for the Dunnigan service area in the Northern Division is \$819,828 which entails installation of pipeline and valve connection systems to the treatment units, and flow meters to measure flows entering and exiting the treatment plant.

5. California-American Water Company requested authorization to establish the Chromium 6 Memorandum Account for the Sacramento District in Advice Letter 1020, submitted in November 13, 2013 and it was approved in December 14, 2013.
6. The California Public Utilities Commission authorized in Decision, D.15-11-012, dated November 5, 2015, the tracking of costs in the memorandum account of the Dunnigan service area related to treatment of Chromium 6.
7. California-American Water Company submitted Advice Letter 1101 on December 4, 2015 to add the Dunnigan service area to the Preliminary Statement for the previously-authorized Chromium 6 Memorandum account establishing two sub-accounts for the Sacramento and Dunnigan Districts.
8. On May 31, 2017, the Sacramento Superior Court ordered the State Water Resources Control Board (Water Board) to invalidate the Maximum Contaminant Level adopted in July 1, 2014 for Chromium 6 at 10 parts per billion (ppb). The Sacramento Superior court's grounds for invalidating the Maximum Contaminant Level for Chromium 6 is, failure to properly consider the economic feasibility for compliance.
9. The California Public Utilities Commission approved the consolidation of the Dunnigan, Geyserville, and Meadowbrook into a new Northern Division in Decision D.18-12-021.
10. The California Public Utilities Commission is authorizing California-American Water Company's Chromium 6 projects to address water quality issues on various water systems in its Northern Division.
11. California-American applied the 21% federal tax rate and 7.61% from Decision D.18-03-035 as the authorized Rate of Return (ROR) on the incremental revenue requirement calculations.
12. The Summary of Earnings (Appendix A) recommended by the Water Division is reasonable and should be adopted.
13. The rates recommended by the Water Division (Appendix B) are reasonable and should be adopted.
14. The \$858,329 balance in the Chromium 6 Memorandum Account requested for amortization to recover past revenue requirement amounts associated with the Chromium 6 treatment facilities is just and reasonable and a surcharge of \$0.0729 per hundred gallons over twelve months beginning January 1, 2020 should be authorized.
15. The water served by California-American Water Company meets all applicable water quality standards set-forth by the State Water Resources Control Board, Division of Drinking Water.
16. California-American Water Company should be allowed to submit a Tier 1 Advice Letter to incorporate the revised rate schedules (Appendix B) effective January 1, 2020 and to concurrently cancel its presently effective rate schedules.
17. The balance of \$858,329 in the Chromium 6 Memorandum Account should be transferred to a Chromium 6 Balancing Account to be added to the Preliminary Statements in California-American Water Company's tariff for amortization over twelve months.

18. At the end of the twelve-month amortization period, California-American Water Company should submit a Tier 1 advice letter to transfer any remaining balance to its Consolidated Expense Balancing Account for the Northern Division and close the Chromium 6 Balancing Account and remove it from the Preliminary Statements.

THEREFORE, IT IS ORDERED THAT:

1. California-American Water Company's request in Advice Letter 1214 as supplemented to add its capital expenditures (less accumulated depreciation) of \$10,029,761 to its rate base and recover associated revenue requirement of \$1,355,287 which includes the associated annual incremental operating expenses of \$8,880 for the Chromium 6 treatment projects in the Northern Division as shown in the attached Summary of Earnings (Appendix A) is approved.
2. California-American Water Company's request in Advice Letter 1214 as supplemented to amortize the Chromium 6 Memorandum Account to recover its past capital and operating expenses in the amount \$858,329 through a temporary surcharge in Northern Division tariffs (including the customers in the Meadowbrook, Dunnigan and Geyserville) for a period of 12 months is approved. The temporary surcharge of \$0.0729 per hundred gallons is authorized to be added under a special condition in California-American Water Company's tariff schedule in the Northern Division for the period January 1, 2020 through December 31, 2020. At the end of the amortization period any remaining balance shall be transferred to the Consolidated Expense Balancing Account and the Chromium 6 Balancing Account closed and removed from the Preliminary Statements in the tariff.
3. Within five days of the effective date of this Resolution, California-American Water Company shall submit a Tier 1 advice letter to implement the tariff schedules attached as Appendix B to this Resolution. The Tier 1 advice letter shall also establish a Chromium 6 Balancing Account in the Preliminary Statements of its tariff, transfer the balance authorized for amortization from the Chromium 6 Memorandum Account to the Chromium 6 Balancing Account. California-American Water Company's Chromium 6 Memorandum Account shall remain open.
4. At the end of the 12-month amortization period, California-American Water Company shall submit a Tier 1 advice letter closing the Chromium 6 Balancing Account with any remaining balance, plus or minus, transferred to California-American Water Company's Consolidated Expense Balancing Account for its Northern Division.

This resolution is effective today.

I certify that the foregoing resolution was duly introduced, passed, and adopted at a conference of the Public Utilities Commission of the State of California held on December 19, 2019; the following Commissioners voting favorably thereon:

/s/ALICE STEBBINS

ALICE STEBBINS
Executive Director

MARYBEL BATJER
President

LIANE M. RANDOLPH
MARTHA GUZMAN ACEVES
CLIFFORD RECHTSCHAFFEN
GENEVIEVE SHIROMA
Commissioners

Appendix A
California-American Water Company (Sacramento and Dunnigan Chromium 6)
Summary of Earnings-Dollars in Thousands
Effective January 1, 2020

	2019 Step Rate Escalation	Increase	
Operating Revenues			
Water Service	55,925,501	\$1,355,287	\$57,280,788
Operating Expenses			
Labor	\$6,054,612		\$6,054,612
Purchased Water	\$2,651,269		\$2,651,269
Purchased Power	\$2,180,285		\$2,180,285
Chemicals	\$263,716		\$263,716
Operation Expense	\$1,413,899	\$8,880	\$1,422,779
Maintenance (excluding Amort T P)	\$2,195,378		\$2,195,378
Amortization of Tank Painting	\$310,369		\$310,369
Customer Accounting	\$576,352		\$576,352
Uncollectible Expense	\$308,102	\$6,900	\$315,002
Insurance	\$893,116		\$893,116
Pensions and OPEB	\$311,454		\$311,454
Group Insurance	\$559,855		\$559,855
Benefits other than Pensions	\$620,745		\$620,745
Regulatory Expenses	\$381,663		\$381,663
Rents	\$287,273		\$287,273
Other Administrative and General	\$2,986,748		\$2,986,748
Service Company Costs	\$3,999,706		\$3,999,706
Citizens Acquisition Premium	\$1,686,079		\$1,686,079
General Office Return on Rate Base	\$823,606		\$823,606
Earnings Test Adjustment	\$0		\$0
Depreciation	\$8,919,861	\$267,300	\$9,187,161
General Taxes	\$2,180,962	\$110,100	\$2,291,062
			\$0
State Income Taxes	\$1,068,093	\$85,813	\$1,153,906
Federal Income Taxes	\$2,306,207	\$185,834	\$2,492,041
Total Expenses	\$42,979,350	\$664,827	\$43,644,177
Net Operating Revenue	\$12,946,151	\$690,460	\$13,636,611
Adjusted Net Operating Revenue			
Rate Base	\$170,119,878	\$10,522,761	\$180,642,639
Rate of Return	7.61%		7.55%
Revenue Requirement	\$1,355,290		

End of Appendix A

Appendix B

Schedule No. ND-1 Sheet 1
Northern Division Tariff Area
GENERAL METERED SERVICES

APPLICABILITY

Applicable to all metered water service.

SACRAMENTO TARIFF AREA TERRITORY

The unincorporated communities, subdivisions, and adjacent areas generally known as Cordova, Rosemont, Parkway Estates, Lindale, Foothill Farms, Arlington Heights, Linwood, Loretto Heights, Arden Highlands, Arden Estates and Sunrise Security Park, and Ox-Bow. A part of the City of Citrus Heights and the communities of Antelope and Sabre City in Sacramento and Placer counties. The city of Isleton and vicinity and the unincorporated community of Walnut Grove in Sacramento County. The lower southwestern portion of Placer County, including the areas Known as Morgan Creek, Doyle Ranch, Sun Valley Oaks, and Riolo Greens. Dunnigan, along both sides of Interstate 5, between County Roads 2 on the north and County Road 9 on the south, Yolo County. Geyserville and vicinity, Sonoma County.

RATES

Quantity Rates:

	<u>Base Rate</u>	
	<u>Per 100 gal (CGL)</u>	
<u>Residential Customers:</u>		
For the first 74.8 CGL	\$0.3831	(I)
For next 74.8 CGL.....	\$0.5137	
For all water delivered over 149.6 CGL	\$0.8040	
<u>All Other Customers:</u>		(I)
For all water delivered, per CGL	\$0.4467	

Service Charge: General Metered

	<u>Per Meter</u>	
	<u>Per Month</u>	
For 5/8 x 3/4-inch meter.....	\$14.39	(I)
For 3/4-inch meter.....	\$21.59	
For 1-inch meter.....	\$35.98	
For 1-1/2-inch meter.....	\$71.95	
For 2-inch meter.....	\$115.12	
For 3-inch meter.....	\$215.85	
For 4-inch meter.....	\$359.75	
For 6-inch meter.....	\$719.50	
For 8-inch meter.....	\$1,151.20	
For 10-inch meter.....	\$1,654.85	
For 12-inch meter.....	\$3,093.85	(I)

The Service Charge is a readiness-to-serve charge applicable to all general metered services. It is added to the charge for water furnished, which is based on Quantity Rates.

(Continued)

Schedule No. ND-1 Sheet 2
Northern Division Tariff Area
GENERAL METERED SERVICES

SACRAMENTO TARIFF AREA RATES (Continued):

(I)

Service Charge: Residential Fire Protection Service (R.F.P.S.)

	<u>Per Meter</u> <u>Per Month</u>
For 5/8 x 3/4-inch residential to 1-inch residential metered fire sprinkler.....	\$21.35
For 5/8 x 3/4-inch residential to 1 1/2-inch residential metered fire sprinkler.....	\$24.96
For 5/8 x 3/4-inch residential to 2-inch residential metered fire sprinkler.....	\$26.18
For 3/4-inch residential to 1-inch residential metered fire sprinkler.....	\$31.11
For 3/4-inch residential to 1 1/2-inch residential metered fire sprinkler.....	\$34.72
For 3/4-inch residential to 2-inch residential metered fire sprinkler.....	\$35.92
For 1-inch residential to 1 1/2-inch residential metered fire sprinkler.....	\$53.86
For 1-inch residential to 2-inch residential metered fire sprinkler.....	\$54.87
For 1 1/2-inch residential to 2-inch residential metered fire sprinkler.....	\$102.68

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The Service Charge is a readiness-to-serve charge applicable to all Residential Fire Protection Service metered services only. It is added the charge for water furnished which is computed at Quantity Rates. The service charge for Residential Fire Protection Service (RFPS) is based on the meter size a customer would require without RFPS and the upsized meter that customer then requires because of the addition of the fire sprinkler system.

LARKFIELD TARIFF AREA RATES

TERRITORY

The unincorporated areas known as the Larkfield and Wikiup subdivisions and the community of Fulton, three miles north of Santa Rosa, Sonoma County.

RATES

Quantity Rates:

<u>Residential Customers:</u>	Base Rate <u>Per</u> <u>100 gal (CGL)</u>
For the first 52.4 CGL	\$0.8898
For the next 52.4 CGL	\$0.9619
For the next 194.5 CGL	\$1.3683
For all water delivered over 299.3 CGL.....	\$1.7795

All Other Customers:

For all water delivered, per CGL	\$0.9619
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(Continued)

Schedule No. ND-1 Sheet 4
Northern Division Tariff Area
GENERAL METERED SERVICES

MEADOWBROOK TARIFF AREA

TERRITORY

The unincorporated area known as Meadowbrook Tract, including Nos. 1 and 2, located approximately 1-1/2 miles northwest of the city of Merced, Merced County.

RATES

Quantity Rates:	<u>Base Rate</u>	(I)
<u>All Customers:</u>	<u>Per 100 gal (CGL)</u>	
For the first 112 CGL	\$0.1708	
For all water delivered over 112 CGL	\$0.2099	(I)

Service Charge: General Metered

	<u>Per Meter</u>	(I)
	<u>Per Month</u>	
For 5/8 x 3/4-inch meter.....	\$22.32	
For 3/4-inch meter.....	\$22.32	
For 1-inch meter.....	\$55.81	
For 1-1/2-inch meter.....	\$111.61	
For 2-inch meter.....	\$178.58	
For 3-inch meter.....	\$334.84	
For 4-inch meter.....	\$558.07	
For 6-inch meter.....	\$1,116.15	(I)

The Service Charge is a readiness-to-serve charge, which is applicable to all general metered services and to which is added the charge for water used computed at the Quantity Rates.

(Continued)

Schedule No. ND-1 (Continued) - Sheet 6
Northern Division Tariff Area
GENERAL METERED SERVICES

SPECIAL CONDITIONS (Continued):

Fees and Surcharges

SACRAMENTO AND MEADOWBROOK TARIFF AREAS

3. Per Advice Letter 1230-B, the under-collected balance in the Sacramento County District Consolidated Expense Balancing Account (CEBA) will be recovered through a quantity based surcharge of \$0.0133 per 100 gallons over 12 months effective, May 1, 2019. The total amount will be recovered from all classes of customers.
4. Per D.18-12-021 a meter based bill credit for the Excess Non-Plant Accumulated Deferred Income Tax will be refunded to customers over the 24-month period beginning August 1, 2019.

Meter Size	Refunds by Meter Equivalents
5/8 x 3/4	\$0.99
3/4	\$1.48
1	\$2.46
1 1/2	\$4.93
2	\$7.88
3	\$14.78
4	\$24.63
6	\$49.26
8	\$78.82
10	\$113.30

5. Per Advice Letter 1214-B, the balance accrued in the Sacramento Districts Chromium-6 Memorandum Account through August 31, 2018 will be recovered through a quantity based surcharge of \$0.0097 per 100 gallons for a 12-month period. The effective date for the surcharge is January 1, 2020.

(N)
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(N)

SACRAMENTO TARIFF AREA

1. A surcharge is included in each bill to recover the net under-collection in the Water Revenue Adjustment Mechanism (WRAM) and Modified Cost Balancing Account (MCBA). Per D.18-12- 021, the cap on WRAM/MCBA surcharges was raised to 15% of the authorized revenue requirement. For the period ending December 31, 2017, the net under-collection totals \$18,955,673 including interest. The surcharge is \$0.0617 per 100 gallons and will remain effective for 36 months beginning March 31, 2018.

Schedule No. CA-LIRA Sheet 1
California-American Water
LOW INCOME RATEPAYER ASSISTANCE PROGRAM

APPLICABILITY

Applicable to all water furnished on a metered basis.

TERRITORY

All territories served by California-American Water Company

RATES:

Northern Division: Sacramento District

RATES

Quantity Rates:

Residential Customers:

Base Rate

Per 100 gal (CGL)

For the first 74.8 CGL \$0.3065
For next 74.8 CGL..... \$0.4109
For all water delivered over 149.6 CGL \$0.8040

(I)

(I)

Service Charge: General Metered

Per Meter Per Month

For 5/8 x 3/4-inch meter..... \$11.51
For 3/4-inch meter..... \$17.27
For 1-inch meter..... \$28.78
For 1-1/2-inch meter..... \$57.56
For 2-inch meter..... \$92.10
For 3-inch meter..... \$172.68
For 4-inch meter..... \$287.80
For 6-inch meter..... \$575.60
For 8-inch meter..... \$920.96
For 10-inch meter..... \$1,323.88
For 12-inch meter..... \$2,475.08

(I)

(I)

Larkfield District

Quantity Rates:

Base Rate

Per 100 gal (CGL)

For the first 52.4 CGL..... \$0.7118
For the next 52.4 CGL..... \$0.7695
For the next 139.4 CGL..... \$1.3683
For all water delivered over 243.9 CGL \$1.7795

(Continue)

End of Appendix B

**CALIFORNIA-AMERICAN WATER COMPANY
ADVICE LETTER NO. 1214
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